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## **Legislative Changes to the Economic Development Incentive Program (EDIP)**

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Chapter 287 of the Acts of 2014, *An Act Promoting Economic Growth Across the Commonwealth*, was signed by Governor Patrick on August 13, 2014. The legislation builds on the Patrick Administration's proven growth strategy of investing in education, innovation, and infrastructure that has led to record job creation in Massachusetts and made the Commonwealth a global leader in key innovation economy sectors. The legislation advances two economic development goals through multi-year investments designed to sustain the Commonwealth's economic growth into the future: expanding opportunity into communities in Massachusetts not yet reached by the state's economic successes, and accelerating the growth of our economy's innovation sectors.

The Act made several changes to the Economic Development Incentive Program (EDIP):

- A project no longer needs to be located in an Economic Target Area (ETA) or Economic Opportunity Area (EOA) in order to be eligible for project certification and EDIP tax incentives.
- A project no longer needs to be located in an ETA or EOA in order to be eligible for local tax incentives (tax increment financing or a special tax assessment).

- The Act creates a new category of project eligible for EDIP incentives. “Job creation projects” are private sector initiatives that create at least 100 new jobs over a two year period. Companies with certified job creation projects may receive a tax credit of up to \$1,000 per job created, or up to \$5,000 per job created in a Gateway City, so long as the total credit per project does not exceed \$1 million. The job creation project was created because existing EDIP incentives are tied to capital investment, and so are practically useful only to companies that make significant real estate investments in connection with new jobs. The initial roll out of the incentives for job creation projects will be targeted at technology companies.
- The process for awarding TIF benefits has been simplified for municipalities, as the adoption of “TIF plans” and designation “TIF Zones” are no longer required.
- The Act alters the language pertaining to special tax incentives, with the intent of allowing municipalities the flexibility to enter into special tax assessments even if the project does not qualify to be designated as a certified project.